

**Adopted Minutes**  
East End Food Co-operative Board Meeting  
July 17, 2017

**In attendance:**

Board Members: Eddy Jones, President; Andrew Ritchie, Secretary; Dirk Kalp; Patrick McHale; William Warnock; Brynn Yochim.

Absent Board Members: Amit Shah, Treasurer.

General Manager: Justin Pizzella

Board Clerk: Erica Peiffer.

Member Guests: (4) Leslie Clark, Tom Pandaleon, Faith Schantz, Phil Judge.

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Eddy called the meeting to order at 7:02 p.m. Members in attendance introduced themselves. Andrew read our Ends statement aloud.

**Amend/Approve Agenda**

Discussion: An update from the July working meeting was given 5 minutes after the June meeting minutes. A discussion on officer roles was given 10 minutes after this update. A discussion on board document management was given 15 minutes after D5. A closed session discussion was scheduled after adjournment.

Decision: Andrew moved to approve the agenda as amended. William seconded.

Vote: 5.0.0

**Amend/Approve previous meeting minutes**

Discussion: Directors reviewed draft minutes of the previous meeting and made corrections for grammar and factual errors which are reflected in the published minutes.

Decision: Andrew moved to adopt the minutes as amended. Brynn seconded the motion.

Vote: 4.0.1

**GM Update**

Justin reported an uptick in sales growth, between 1-2%. He also outlined recent renovation projects, including a Produce reset and expansion of walk-in coolers for Café and Grocery. Additional work has been contracted for the reverse-osmosis water filtration system. He also detailed renovations planned for the next 6-8 weeks, including improvements in the Bulk department, the store foyer, the HBA and Supplement aisles, and the air conditioning system. Justin promised to send an update on our NCG patronage rebate.

Dirk arrived at 7:12pm.

**Update from July working Meeting**

The board held a working meeting on July 10. Eddy reported the group developed a master governance calendar, including working meetings, public meetings, meetings with GM, monitoring reports, activities for committees, and the Annual Meeting; and they discussed board diversity, officer roles, and upcoming training opportunities. Eddy reviewed a process for staying accountable to action items.

**Officer Roles**

Eddy asked if any directors had an interest to serve in the vacant role of Vice-President. Dirk self-nominated.

Decision: Andrew moved to seat Dirk as Vice-President by acclamation. William seconded.

Vote: 6.0.0

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**B2 – Business Planning & Financial Budgeting**

Justin introduced this report as his business plan for the year ahead. He described the current circumstances of board turnover and significant transformation in the food industry, economy and consumer preferences as a “critical time” for our business, and said his five-year strategy hinges on relocation. Directors reviewed the report page by page. Regarding the financial plan, directors inquired how we can achieve positive net income assuming 0% sales growth and increasing costs. Justin explained his rationale for building the budget around two metrics – department sales and labor costs – with the intention to apply more discipline around pricing and to better leverage and utilize current staff. Exceptional expenses have eaten up our income line in the past few years, and Justin emphasized his determination to deliver net income this year. Directors appreciated the presentation of the budget with three scenarios of varying percentages of sales growth. Directors noted member discounts at the register account for almost the entire marketing budget. Special orders are accounted for in department margin. Justin briefly compared patronage dividend and discount models for distributing profit returns to members, and said we are one of the few co-ops still utilizing the discount model. Eddy noted that members clearly have an economic advantage, with discounts quickly surpassing the \$100 equity investment. Dirk suggested a cumulative report of discount savings be printed on receipts. Eddy tasked Justin to investigate the capability of our POS system to accommodate this type of report for members. Regarding the strategic plan, directors inquired about development of the website, and Justin explained that the initial phase of the new site is complete, and plans remain to develop more features, including a community calendar. Justin also discussed strategies for communicating discounts and addressing price perceptions. Regarding member engagement, Justin described a strategic shift, transforming outreach to “inreach”, focusing Marketing & Member Services (MMS) inwardly to better serve current members. Erica noted a series of metrics that are regularly monitored by the MMS to gauge member interest, including data in the Member Survey, E-news open and click rates, event attendance and feedback, website traffic data. Eddy tasked Justin to provide marketing data in his monthly updates. It was noted that another union contract will be negotiated in January/February of next year. Justin concluded his presentation of this report by describing his intention for the growth of our co-op as “for the sake of our cooperative economy”, including wages, employment, support of local vendors, and the development of more creative projects.

Decision: Dirk moved to accept the report. Andrew seconded.

Vote: 6.0.0

**B3 – Asset Protection**

Justin described his prior professional experience with asset protection and noted our Finance Manager was previously our auditor. He introduced this report as in complete compliance, and referred to “layers throughout the entire store focused on mitigating risks.” He described systems of redundancy in controls, that aim to eliminate the ability to commit fraudulent activity and to keep employees out of situations where they could potentially lose their jobs. He noted capital investments aimed to eliminate risk to staff, and cited the new walk-in coolers as an example. He also noted overarching processes designed to stand up in the face of turnover. Directors noted that the number of total customer transactions has not changed significantly from year to year. Directors asked Justin to benchmark our shoppers’ average basket size, and he said it’s in the upper third of NCG co-ops and roughly on par with Whole Foods shoppers.

Decision: Patrick moved to accept the report. Brynn seconded.

Vote: 6.0.0

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### **D5 – Director’s Code of Conduct**

Directors reviewed a composite of self-evaluations regarding compliance with this policy over the last year. There was some confusion about whether the purpose was to evaluate compliance of the former board or the current board, which has not served throughout the entire past year. Directors discussed a sub-policy prohibiting directors from applying for employment, noting potential conflicts of interest. Eddy suggested the group continue to seek out more training on role of the board, and he suggested the group resume self-evaluation of D policies at each meeting. Erica described previous board practices for reviewing D policies, noting the use of excel but recommending the use of Google Drive. Eddy requested that Erica send an example of a D policy monitoring template to him for review.

### **Board Document Management**

Directors reviewed and agreed to the recommendations presented by the Secretary and Clerk. Eddy tasked Andrew with developing a brief training session.

### **Closings**

Directors reviewed the date of the next meeting and packet submission deadline, and the next working meeting. Action items for the next meeting were as follows:

Patrick – Schedule appointment interviews

Andrew – Google drive training, Table during Member Drive

Justin – Marketing metrics, POS feasibility

William – Write Board Corner article on voting, Table during Member Drive

Brynn – Review Member Linkage charters and Member Survey results

Dirk – Report on BPE call, Call with Thane

Erica – Assist with marketing metrics, D policy template

Eddy – August Agenda

### **Member-owners Open Session**

Phil Judge introduced himself and said it was his first time attending an EEFC board meeting. Faith Schantz inquired about the status of the appointment process. Patrick reported there were 6 applicants and the board was scheduling interviews, with the intention to seat new directors as soon as possible. Leslie Clark introduced herself as the Membership Specialist and explained the various processes and points of contact with members that she oversees after sign up, further informing the earlier discussion on member engagement. William asked Leslie to explain why members must present a photo ID to join, and she explained that under corporate law, it’s a best practice when assigning ownership to a financial investment. It also supports check-writing privileges for members, and serves to verify identity in questionable circumstances, including instances of separate memberships under the same name, which are common.

### **Adjournment**

Decision: Andrew moved to adjourn the meeting at 9:30 p.m. Patrick seconded.

Vote: 6.0.0

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The Board went into Executive Session at 9:40 p.m. to discuss non-public matters. At 10:51 p.m. Eddy moved to adjourn. Andrew seconded the motion. The Board voted 6.0.0 to end the session.

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Minutes respectfully submitted by Erica Peiffer, Board Clerk.